

**ASSEMBLY BILL**

**No. 840**

**Introduced by Assembly Member Arambula**

February 18, 2005

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An act to amend Section 94802 of, and to add Sections 94735.7, 94740.1, 94906, and 94916 to, the Education Code, relating to private postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 840, as introduced, Arambula. Private postsecondary education: accreditation.

Existing law, the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. Numerous terms are defined for the purposes of the act, including “non-WASC regionally accredited institution,” which is a degree-granting institution that is accredited by one of 4 designated regional accrediting agencies.

This bill would define “nationally accredited institution” to mean an institution that provides a degree, diploma, or certificate, and that is accredited by a recognized national institutional accrediting body.

The bill would define “recognized national institutional accrediting body” to mean an institutional accrediting agency that is recognized by the United States Department of Education pursuant to a specified provision of federal law as a reliable authority as to the quality of education and training offered by postsecondary educational

institutions, and the scope of the recognition of which is not limited to a specific region of the United States. The bill would specify 5 bodies to which this definition would be limited.

The bill would exempt nationally accredited institutions and non-WASC regionally accredited institutions that meet prescribed standards from being required to apply to the bureau to issue degrees, diplomas, or certificates that were not previously included in the bureau's approval to operate these institutions.

The bill would specify standards and procedures through which a nationally accredited institution that maintains its accredited status throughout the period of a student's course of study, and that is approved by the bureau to operate, may issue degrees, diplomas, or certificates notwithstanding provisions of the act that relate to both degree programs and nondegree programs.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 94735.7 is added to the Education Code,  
2 to read:  
3 94735.7. "Nationally accredited institution" means an  
4 institution that provides a degree, diploma, or certificate, and that  
5 is accredited by a recognized national institutional accrediting  
6 body.  
7 SEC. 2. Section 94740.1 is added to the Education Code, to  
8 read:  
9 94740.1. (a) "Recognized national institutional accrediting  
10 body" means an institutional accrediting agency that is  
11 recognized by the United States Department of Education  
12 pursuant to Section 496 of the federal Higher Education Act of  
13 1965, as it is amended from time to time, as a reliable authority  
14 as to the quality of education and training offered by  
15 postsecondary educational institutions, and the scope of the  
16 recognition of which is not limited to a specific region of the  
17 United States.  
18 (b) Recognized national institutional accrediting bodies,  
19 within the meaning of this section, are limited to the following  
20 bodies:

1 (1) The Accrediting Council for Independent Colleges and  
2 Schools (ACICS).

3 (2) The Accrediting Commission of Career Schools and  
4 Colleges of Technology (ACCSCT).

5 (3) The Accrediting Council for Continuing Education and  
6 Training (ACCET).

7 (4) The Distance Education and Training Council (DETC).

8 (5) Accrediting Bureau of Health Education Schools  
9 (ABHES).

10 SEC. 3. Section 94802 of the Education Code is amended to  
11 read:

12 94802. (a) Each institution desiring to operate in this state  
13 shall make application to the bureau, upon forms to be provided  
14 by the bureau. The application shall include, as a minimum, at  
15 least all of the following:

16 (1) A catalog published, or proposed to be published, by the  
17 institution containing the information specified in the criteria  
18 adopted by the bureau. The catalog shall include specific dates as  
19 to when the catalog applies.

20 (2) A description of the institution's placement assistance, if  
21 any.

22 (3) Copies of media advertising and promotional literature.

23 (4) Copies of all student enrollment agreement or contract  
24 forms and instruments evidencing indebtedness.

25 (5) The name and California address of a designated agent  
26 upon whom any process, notice, or demand may be served.

27 (6) The information specified in Section 94808.

28 (7) The institution's most current financial report as described  
29 in Section 94806.

30 (8) An application submitted by a *nationally accredited*  
31 *institution, as defined in Section 94735.7, or a non-WASC*  
32 *regionally accredited institution, as defined in Section 94740.5,*  
33 *shall include a copy of the certificate of accreditation issued by*  
34 *the a recognized national institutional accrediting body, as*  
35 *defined in Section 94740.1, or a non-WASC regional accrediting*  
36 *agency, as defined in Section 94740.3, as appropriate.*

37 (b) Each application shall be signed and certified under oath  
38 by the owners of the school or, if the school is incorporated, by  
39 the principal owners of the school (those who own at least 10

1 percent of the stock), or by the corporate officers or their  
2 designee.

3 (c) Following review of the application and any other further  
4 information submitted by the applicant, or required in conformity  
5 with Article 8 (commencing with Section 94900) and Article 9  
6 (commencing with Section 94915), and any investigation of the  
7 applicant as the bureau deems necessary or appropriate, the  
8 bureau either shall grant or deny approval to operate to the  
9 applicant.

10 SEC. 4. Section 94906 is added to the Education Code, to  
11 read:

12 94906. (a) (1) Notwithstanding the provisions of this article  
13 on review and approval of degree programs, any nationally  
14 accredited institution, as defined in Section 94735.7, that  
15 maintains its accredited status throughout the period of a  
16 student's course of study, and that is approved by the bureau to  
17 operate, may issue degrees, diplomas, or certificates pursuant to  
18 this section.

19 (2) A nationally accredited institution that is approved to  
20 operate is subject to the requirements of this chapter, except as  
21 provided in this section.

22 (b) A nationally accredited institution that is approved to  
23 operate shall not be required to apply to the bureau to issue  
24 degrees that were not previously included in its approval to  
25 operate if the institution complies with all of the following  
26 requirements:

27 (1) The institution meets the financial responsibility  
28 requirements set forth in paragraphs (1) and (3) of subdivision (a)  
29 of, and in subdivision (b) of, Section 94804.

30 (2) The institution has not been determined by a court of  
31 competent jurisdiction in a final nonappealable order or by the  
32 Director of Consumer Affairs to have violated any section of  
33 Article 6 (commencing with Section 94800) or Article 7  
34 (commencing with Section 94850) within three years before  
35 notifying the bureau pursuant to subdivision (c).

36 (3) The institution pays its fees as required by Article 10  
37 (commencing with Section 94932) and Article 12 (commencing  
38 with Section 94944).

39 (4) To the extent the institution is required to comply with the  
40 placement and completion requirements of Section 94854

1 pursuant to paragraph (2) of subdivision (a) of Section 94790, the  
2 institution's reported completion rate is at least 60 percent and its  
3 reported placement rate is at least 70 percent, calculated in  
4 accordance with Section 94854, and as set forth in the  
5 institution's annual report submitted to the bureau pursuant to  
6 Section 94808, within one calendar year prior to the date the  
7 bureau receives notice of the additional degree program pursuant  
8 to subdivision (c).

9 (5) The institution has reported to the bureau the existence and  
10 nature of all legal proceedings that have been instituted against it  
11 within three years before notifying the bureau pursuant to  
12 subdivision (c) that allege violations of this chapter or of the  
13 federal Higher Education Act of 1965 (20 U.S.C. Secs. 1001 et  
14 seq.).

15 (6) The additional degree program to be offered by the  
16 institution is represented to lead to an occupation within the same  
17 "major group" as defined by the Standard Occupational  
18 Classifications of the Bureau of Labor Statistics of the United  
19 States Department of Labor, or to an occupation requiring  
20 reasonably related skills or work activities, as an occupation to  
21 which an existing degree program offered in California by the  
22 institution and approved by the bureau is represented to lead.

23 (c) At least 30 days before offering a degree program, a  
24 nationally accredited institution shall notify the bureau of the  
25 intended addition of a degree program that was not included in  
26 the institution's initial or renewal application. Along with that  
27 notification, the nationally accredited institution shall provide  
28 documentation of the accrediting agency's approval of the  
29 additional degree program. The nationally accredited institution  
30 shall also provide a copy of its most recent Integrated  
31 Postsecondary Education Data System Report to the United  
32 States Department of Education and its most recent annual report  
33 to its recognized national institutional accrediting body.

34 (d) In addition to any other grounds authorized by any other  
35 provision of this chapter, a nationally accredited institution that is  
36 approved to operate shall be subject to disciplinary action by the  
37 bureau if the institution loses its accreditation or federal financial  
38 aid eligibility.

39 (e) Any nationally accredited institution that meets the  
40 requirements of subdivisions (b) and (c), and intends to offer a

1 new degree program, is exempt from having to submit any  
2 documentation other than that required by subdivision (c) or from  
3 having to obtain approval to offer the new degree program from  
4 the bureau. Any nationally accredited institution that is not  
5 approved to offer a new degree program pursuant to this section  
6 may apply for approval to offer a new degree program pursuant  
7 to this article.

8 (f) With respect to any degree program approved pursuant to  
9 this section, the bureau may initiate any proceeding authorized  
10 by this chapter, including a proceeding alleging failure to meet  
11 any of the standards set forth in Section 94900. Notwithstanding  
12 any other provision of this chapter, if the bureau initiates a  
13 proceeding within one year after the bureau has received notice  
14 of the degree program pursuant to subdivision (c), the  
15 proceeding, unless the bureau initiates an emergency action, shall  
16 be governed by the procedures set forth in Section 94975 or,  
17 alternatively, in Section 94980. If the bureau initiates any  
18 emergency action, that proceeding shall be governed by Section  
19 94970.

20 (g) The bureau shall annually include, in the report it prepares  
21 pursuant to Section 94995, its findings and recommendations  
22 relative to institutions that have secured the programmatic  
23 approval pursuant to this section.

24 SEC. 5. Section 94916 is added to the Education Code, to  
25 read:

26 94916. (a) (1) Notwithstanding the provisions of this article  
27 on review and approval of nondegree programs, any nationally  
28 accredited institution, as defined in Section 94735.7, that  
29 maintains its accredited status throughout the period of a  
30 student's course of study, and that is approved by the bureau to  
31 operate, may issue diplomas or certificates pursuant to this  
32 section.

33 (2) A nationally accredited institution that is approved to  
34 operate is subject to the requirements of this chapter, except as  
35 provided in this section.

36 (b) A nationally accredited institution that is approved to  
37 operate shall not be required to apply to the bureau to issue  
38 diplomas or certificates that were not previously included in its  
39 approval to operate if the institution complies with all of the  
40 following requirements:

1 (1) The institution meets the financial responsibility  
2 requirements set forth in paragraphs (1) and (3) of subdivision (a)  
3 of, and in subdivision (b) of, Section 94804.

4 (2) The institution has not been determined by a court of  
5 competent jurisdiction in a final non-appealable order or by the  
6 Director of Consumer Affairs to have violated any section of  
7 Article 6 (commencing with Section 94800) or Article 7  
8 (commencing with Section 94850) within three years before  
9 notifying the bureau pursuant to subdivision (c).

10 (3) The institution pays its fees as required by Article 10  
11 (commencing with Section 94932) and Article 12 (commencing  
12 with Section 94944).

13 (4) To the extent the institution is required to comply with the  
14 placement and completion requirements of Section 94854, the  
15 institution's reported completion rate is at least 60 percent and its  
16 reported placement rate is at least 70 percent, calculated in  
17 accordance with Section 94854, and as set forth in the  
18 institution's annual report submitted to the bureau pursuant to  
19 Section 94808, with one calendar year prior to the date the  
20 bureau receives notice of the additional diploma or certificate  
21 program pursuant to subdivision (c).

22 (5) The institution has reported to the bureau the existence and  
23 nature of all legal proceedings that have been instituted against it  
24 within three years before notifying the bureau pursuant to  
25 subdivision (c) that allege violations of this chapter or of the  
26 federal Higher Education Act of 1965 (20 U.S.C. Secs. 1001 et  
27 seq.).

28 (6) The additional nondegree program is represented to lead to  
29 an occupation within the same "major group" as defined by the  
30 Standard Occupational Classifications of the Bureau of Labor  
31 Statistics of the United States Department of Labor, or to an  
32 occupation requiring reasonably related skills or work activities,  
33 as an occupation to which an existing program offered in  
34 California by the institution and approved by the bureau is  
35 represented to lead.

36 (c) At least 30 days before offering a nondegree program, a  
37 nationally accredited institution shall notify the bureau of the  
38 intended addition of a nondegree program that was not included  
39 in the institution's initial or renewal application. Along with the  
40 notification, the nationally accredited institution shall provide

1 documentation of the accrediting agency's approval of the  
2 additional nondegree program. The nationally accredited  
3 institution shall also provide a copy of its most recent Integrated  
4 Postsecondary Education Data System Report to the United  
5 States Department of Education and its most recent annual report  
6 to its recognized national institutional accrediting body.

7 (d) In addition to any other grounds authorized by any other  
8 provision of this chapter, a nationally accredited institution that is  
9 approved to operate shall be subject to disciplinary action by the  
10 bureau if the institution loses its accreditation or federal financial  
11 aid eligibility.

12 (e) Any nationally accredited institution that meets the  
13 requirements of subdivisions (b) and (c), and intends to offer a  
14 new nondegree program, is exempt from having to submit any  
15 documentation other than that required by subdivision (c) or from  
16 having to obtain approval to offer the new nondegree program  
17 from the bureau. Any nationally accredited institution that is not  
18 approved to offer a new nondegree program pursuant to this  
19 action may apply for approval to offer a new diploma or  
20 certificate program pursuant to this article.

21 (f) With respect to any nondegree program approved pursuant  
22 to this section, the bureau may initiate any proceeding authorized  
23 by this chapter, including a proceeding alleging failure to meet  
24 any of the standards set forth in Section 94915. Notwithstanding  
25 any other provision of this chapter, if the bureau initiates a  
26 proceeding within one year after the bureau has received notice  
27 of the nondegree program pursuant to subdivision (c), the  
28 proceeding, unless the bureau initiates an emergency action, shall  
29 be governed by the procedures set forth in Section 94975 or,  
30 alternatively, in Section 94980. If the bureau initiates any  
31 emergency action, that proceeding shall be governed by Section  
32 94970.

33 (g) The bureau shall annually include, in the report it prepares  
34 pursuant to Section 94995, its findings and recommendations  
35 relative to institutions that have secured programmatic approval  
36 pursuant to this section.